



Washington State Auditor's Office

Troy Kelley

Integrity • Respect • Independence

Accountability Audit Report

City of Wenatchee

Chelan County

For the period January 1, 2013 through December 31, 2013

Published December 29, 2014

Report No. 1013285





Washington State Auditor Troy Kelley

December 29, 2014

Mayor and City Council
City of Wenatchee
Wenatchee, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for City operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

The attached comprises our report on the City's compliance and safeguarding of public resources. Our independent audit report describes the overall results and conclusions for areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

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AUDIT SUMMARY

Results in brief

In most areas we audited, City operations complied with applicable requirements and provided adequate safeguarding of public resources. The City also complied with state laws and regulations and its own policies and procedures in the areas we examined.

However, we noted certain matters that we communicated to City management in a letter dated December 2, 2014, related to the Wenatchee Convention Center. We appreciate the City's commitment to resolving those matters.

About the audit

This report contains the results of our independent accountability audit of the City of Wenatchee from January 1, 2013 through December 31, 2013.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

Our audit involved performing procedures to obtain evidence about the City's uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Wenatchee Convention Center
- Self-insurance

STATUS OF PRIOR AUDIT FINDINGS

The status of findings contained in the prior years' audit reports of the City of Wenatchee is provided below:

1. The City did not have sufficient oversight over the operations of the Wenatchee Convention Center to ensure the safeguarding of public funds and resources.

Report No. 1011386, dated August 2, 2013

Background

The Wenatchee Convention Center is a meeting facility owned by the City. The Center's operations are managed and operated by an independent contractor. During 2012, the Center held approximately 350 events and generated more than \$1.2 million in room rental and catering revenue. Total expenses for the Center for 2012 were approximately \$1.7 million.

Prior to 2012, the contractor paid a monthly fee to the City. In 2012 the City and the contractor entered into a new contract which would allow the City to review and audit the revenue, expenses and supporting documentation on a monthly basis. All Convention Center records are the property of the City and must be kept in compliance with the City's records retention policy.

Status

The City has improved oversight of Convention Center operations; however, we found some concerns still exist. Recommendations were provided in the current audit to continue taking steps to resolve these matters. We will review the status of these matters during the next audit.

INFORMATION ABOUT THE CITY

The City of Wenatchee serves approximately 30,000 citizens in Chelan County. The City provides a variety of services including water, sewer, police, fire, parks and recreation, planning and economic development. The City also owns and operates a cemetery.

An elected, seven-member City Council and an independently elected Mayor govern the City. The Mayor and Council appoint management to oversee the City's daily operations as well as its 175 employees. For fiscal year 2013, the City's budget was \$42.8 million, including operating and capital appropriations.

Contact information related to this report

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Information current as of report publish date.

Audit history

You can find current and past audit reports for the City of Wenatchee at <http://portal.sao.wa.gov/ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

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